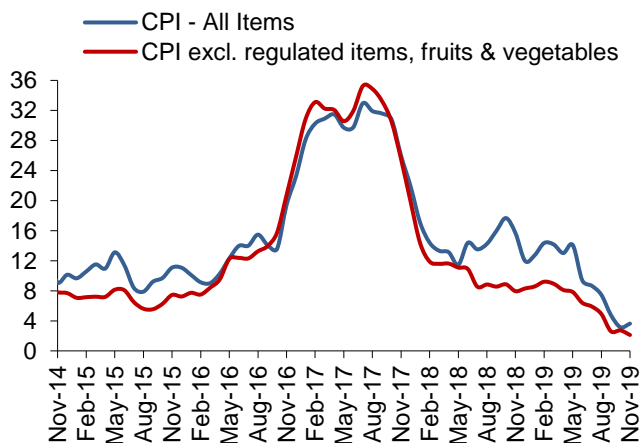


Headline and Core Inflation – November 2019

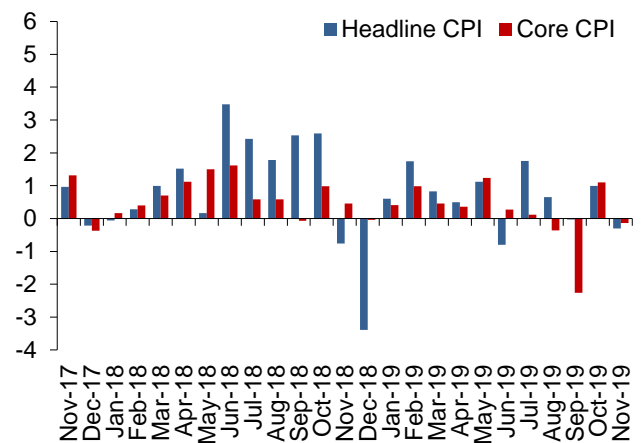
- Monthly headline urban inflation^{1/} recorded negative 0.3% in November 2019 compared to negative 0.8% in November 2018. Monthly inflation was mainly driven by seasonally lower prices of volatile food, as well as lower prices of core food items.
- The annual rate^{1/} increased to 3.6% in November 2019 from 3.1% in October 2019, mainly due to an unfavorable base effect stemming from the reversal of transitory shock to prices of fresh vegetables in the previous year. Meanwhile, the contribution of non-food prices remained unchanged.
- As a result of lower core food prices, monthly core inflation^{2/} recorded negative 0.1% in November 2019 compared to positive 0.5% in November 2018. Accordingly, annual core inflation declined to 2.1% in November 2019 from 2.7% in October 2019, registering the lowest rate since April 2006.
- Nationwide annual inflation^{1/} increased to 2.7% in November 2019 from 2.4% in October 2019, while rural annual inflation^{1/} remained stable at 1.7% in November 2019.

Headline and Core CPI Inflation^{3/}
 (y/y, in percent)



Source: Central Agency for Public Mobilization and Statistics and Central Bank of Egypt.

Headline and Core CPI Inflation^{3/}
 (m/m, in percent)



Source: Central Agency for Public Mobilization and Statistics and Central Bank of Egypt.

1/ Published by the Central Agency for Public Mobilization and Statistics.

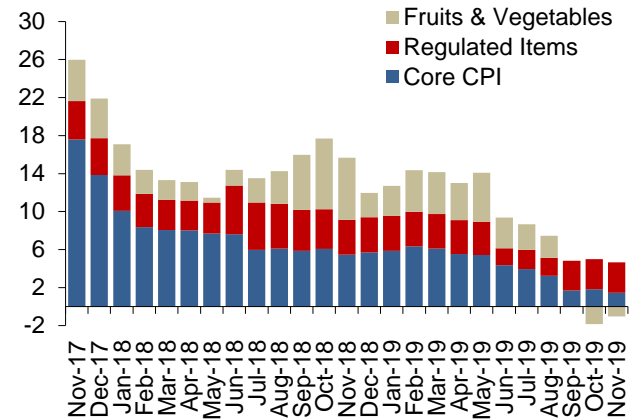
2/ Computed by the Central Bank of Egypt.

3/ CAPMAS publishes three CPI series: (1) the CPI for urban areas which include Cairo, Alexandria, urban Lower Egypt, urban Upper Egypt, Canal cities and Frontier governorates, (2) the CPI for rural areas, and (3) the CPI for All areas. Numbers quoted in this note refer to CPI-Urban.

Key Highlights:

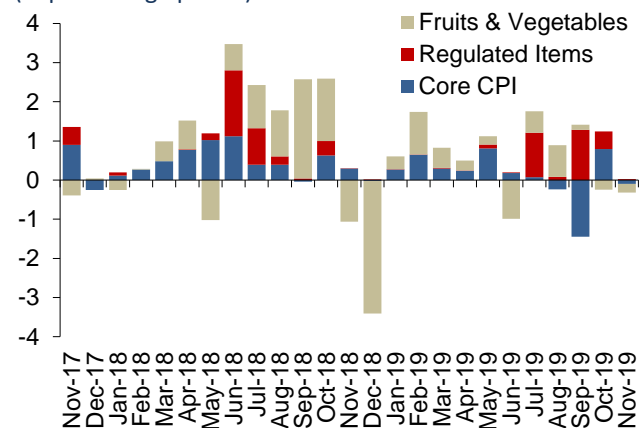
- Prices of fresh vegetables declined by 4.60 percent, registering the second decline after increasing for three consecutive months. Meanwhile, prices of fresh fruits declined by 3.54 percent, registering the fourth consecutive decline. Prices of fresh vegetables and fruits contributed by negative 0.23 percentage points to monthly headline inflation.
- Prices of red meat declined by 3.25 percent, registering the third consecutive decline, to contribute by negative 0.13 percentage points to monthly headline inflation.
- Prices of poultry declined by 0.67 percent, registering the sixth consecutive decline, to contribute by negative 0.02 percentage points to monthly headline inflation.
- Prices of rice declined by 1.72 percent, registering the fourth consecutive decline, to contribute by negative 0.02 percentage points to monthly headline inflation.
- Prices of other core food items, including fish, seafood and cheese, declined to contribute together by negative 0.06 percentage points to monthly headline inflation.
- Prices of regulated items remained broadly stable.
- Prices of retail items increased by 0.57 percent, to contribute by 0.08 percentage points to monthly headline inflation. This was mainly due to seasonally higher prices of clothing and footwear.

Contribution to Annual Headline CPI Inflation
(in percentage points)



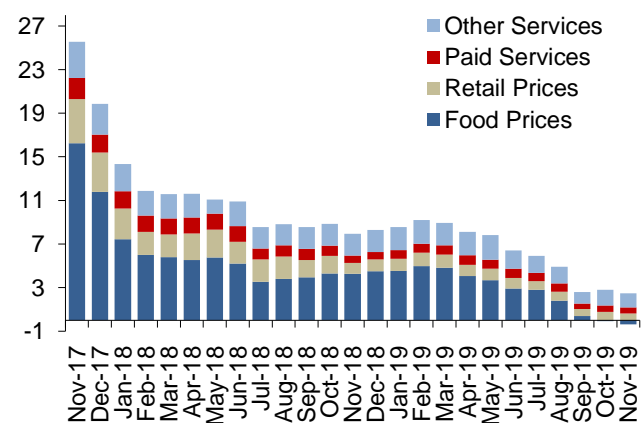
Source: Central Bank of Egypt.

Contribution to Monthly Headline CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

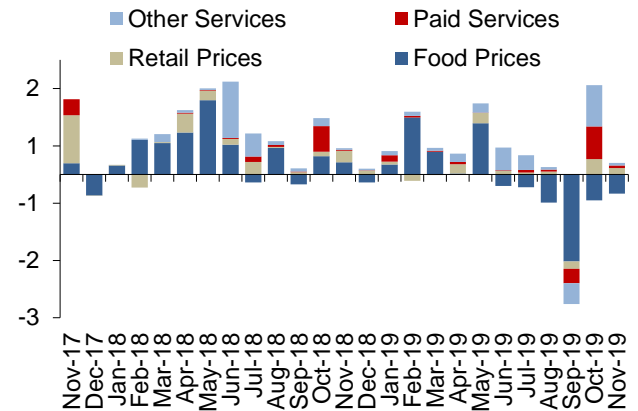
Contribution to Annual Core CPI Inflation
(in percentage points)



Source: Central Bank of Egypt.

- Prices of services increased by 0.18 percent, to contribute by 0.06 percentage points to monthly headline inflation. This was mainly due to higher prices of rental value of owner occupied housing.
- Monthly core inflation was affected by price changes of the aforementioned core CPI items. Core food items contributed by negative 0.34 percentage points to monthly core inflation. On the other hand, retail and services items contributed by positive 0.11 percentage points and 0.09 percentage points to monthly core inflation, respectively.

Contribution to Monthly Core CPI Inflation
 (in percentage points)



Source: Central Bank of Egypt.

Table 1:
Classification of All Items included in Core CPI

Food	Retail	Paid Services	Other Services
Bread and cereals	Clothing	Tailors, laundry & shoe repair	Rentals (new law)
Meat	Fabrics	Dwelling maintenance services	Rental value of owner occupied housing
Fish and other seafood	Footwear	Portman & gardener's services	Hospital services
Eggs & Dairy products	Products related to dwelling repairment	Cook & maid's services	Transportation Services
Oils and fats	Furniture	Technicians to HH appliances	Mobile & internet services
Dried fruits	Carpets and other floor covering	Repairs of Audio-visual equipment	Recreational & sporting services
Processed vegetables	Household (HH) textiles	Physicians	Cultural services
Pulses	HH appliances	Mechanics	Hajj & Omra trips
Sugar and confectionery	Glassware, tableware and HH utensils	Teachers	Restaurants and Cafes
Other food products	HH small tools & supplies	Hairdressers	Accommodation services
Beverages	HH cleaning products		Private schools
	HH miscellaneous products		Summer & Winter Vacations
	Purchase of vehicles		
	Spare parts		
	Motor oil		
	Telephone & telefax equipment		
	Home entertainment equipment		
	Recreational equipment		
	Personal care supplies and products		
	Personal effects		
	Books		
	School supplies		
	Medical care goods		

Table 2:
Consumer Price Index and Major Components ^{1/}

	Weight in basket 2/	November 2018	November 2019	November 2019 to October 2019	November 2019 to November 2018
	(in percent)	(index)		(percentage change)	
(Average 2018/2019 = 100)					
Headline - All items	100.00	101.41	105.09	-0.30	3.63
Food and beverages	32.73	102.73	98.05	-1.51	-4.56
Tobacco and related products	4.41	100.11	101.80	0.17	1.69
Clothing and footwear	4.38	100.21	105.69	2.06	5.47
Housing, water, electricity, gas and other fuels	19.46	99.98	104.66	0.24	4.68
Furnishings, household equipment and routine maintenance of the dwelling	3.93	100.12	101.89	0.22	1.77
Medical care	8.59	99.05	110.60	0.15	11.67
Transportation	6.66	99.83	115.84	0.06	16.03
Communications	2.75	99.99	102.01	-0.01	2.02
Recreation and Culture	2.24	98.67	112.26	-1.24	13.78
Education	5.49	103.30	125.86	0.00	21.83
Hotels, cafes and restaurants	4.98	98.71	109.97	0.30	11.40
Miscellaneous goods and services	4.37	99.08	104.67	0.25	5.64
Selective aggregates					
Fruits & vegetables 3/	5.46	111.03	97.78	-4.25	-11.93
Regulated items	21.44	100.39	112.97	0.09	12.53
Food excl. fruits & vegetables	24.51	98.99	96.55	-1.06	-2.47
Retail items	14.34	100.04	106.45	0.57	6.41
Paid services	6.96	100.34	110.44	0.44	10.06
Other services	27.30	99.39	105.95	0.11	6.60
Core CPI	73.09	99.36	101.46	-0.13	2.11

1/ Source: CAPMAS and CBE calculations

2/ Based on Household Income, Expenditure and Consumption Survey (HIECS) 2017/2018

3/ Excluding pulses, processed vegetables and dried fruits